

FIRST REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]

SENATE BILL NO. 156

95TH GENERAL ASSEMBLY
2009

0871S.01T

AN ACT

To repeal sections 407.1240 and 407.1249, RSMo, and to enact in lieu thereof two new sections relating to travel clubs.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 407.1240 and 407.1249, RSMo, are repealed and two
2 new sections enacted in lieu thereof, to be known as sections 407.1240 and
3 407.1249, to read as follows:

407.1240. As used in sections 407.1240 to 407.1252, the following terms
2 shall mean:

- 3 (1) "Business day", every day except Sundays and holidays;
- 4 (2) "Holiday", any day that the United States Post Office is closed;
- 5 (3) "Membership fee", the initial or reoccurring fee that is unrelated to
6 actual pass-through costs associated with the use and enjoyment of travel
7 benefits;
- 8 (4) "Rescission statement", a statement that shall be printed on all
9 contracts pertaining to the purchase of travel club memberships from a travel
10 club that shall provide in at least fourteen-point bold type the following
11 statement:

12 "Assuming you have [not accessed any travel benefits and have] returned
13 to the travel club all materials delivered to the purchaser at closing, you have the
14 right to rescind this transaction for a period of three business days after the date
15 of this agreement. To exercise the right of rescission, you must deliver to the
16 travel club, either in person or by first class mail postmarked within the
17 three-business-day period, at the address referenced in this contract, a written
18 statement of your desire to rescind this transaction, and all materials **of value**

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 that were provided and given to you at the time of the purchase of your travel
20 club membership.";

21 (5) "Surety bond", any surety bond, corporate guaranty, letter of credit,
22 certificate of deposit, or other bond or financial assurance in the sum of fifty
23 thousand dollars that is required to be delivered by travel clubs which have been
24 adjudged to have violated subsection 4 or 5 of section 407.1252 and in the event
25 that such surety bond is accessed subsequent to posting as a result of the need
26 to reimburse purchasers, the amount of the surety bond shall be increased by ten
27 thousand dollars per reimbursement. All surety bonds shall:

28 (a) Serve as a source of funds to reimburse purchasers of travel club
29 memberships who validly exercise their rights under the rescission statement in
30 their contract but who are not, after judgment, provided a refund equal to the
31 purchase price of their unused travel club memberships or, after settlement,
32 equal to the terms of the settlement;

33 (b) Serve as a source of funds to reimburse purchasers of travel club
34 memberships who have been proven to be the subject of fraud;

35 (c) Remain in full force and effect during the period of time the travel club
36 conducts its business activities; and

37 (d) Be deemed acceptable to the attorney general if:

38 a. It is issued by an insurance company that possesses at least a "B+"
39 rating, or its equivalent by A.M. Best or its successors or by any other nationally
40 recognized entity that rates the creditworthiness of insurance companies;

41 b. It is in the form of a letter of credit that is issued by a banking
42 institution with assets of at least seventy-five million dollars;

43 c. It is in the form of a certificate of deposit; or

44 d. It is in a form that otherwise is acceptable to the attorney general;

45 (6) "Travel benefits", benefits that are offered to travel club purchasers
46 and customers that include all forms of overnight resort, condominium,
47 time-share, hotel, motel, and other rental housing of every nature; all forms of air
48 travel and rental car access; all forms of cruise line access; and all other forms
49 of discounted travel benefits of every nature;

50 (7) "Travel club", any business enterprise that either directly, indirectly,
51 or through the use of a fulfillment company or other third party offers to sell to
52 the public the reoccurring right to purchase travel benefits at prices that are
53 represented as being discounted from prices otherwise not generally available to
54 the public and charges members or customers a membership fee that collectively

55 equals no less than seven hundred fifty dollars.

407.1249. Assuming a purchaser [has not otherwise accessed any travel
2 benefits and] returns to the travel club all materials of value delivered to the
3 purchaser at closing, all purchasers of travel club memberships from a travel club
4 that is registered shall have the nonwaivable right for a period of three business
5 days after the date of their purchase to rescind and cancel their travel club
6 purchase and receive a full refund of all sums otherwise paid to the travel club
7 within fifteen business days of such rescission, minus the actual and reasonable
8 cost of processing the refund, including credit card fees if applicable. **Use of**
9 **travel club benefits during such rescission period shall not waive the**
10 **right afforded by this section.** Individuals who purchase travel club
11 memberships from a travel club that is not registered under sections 407.1240 to
12 407.1252 shall have a nonwaivable right for a period of three years from the date
13 of purchase to rescind and cancel their travel club membership and shall receive
14 a full refund within fifteen business days of such rescission.

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Bill

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